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GOVERNOR PATRICK ANNOUNCES \$26.75 BILLION MEDICAID WAIVER AGREEMENT

State gains additional \$5.69 billion in spending authority to support alternative payment models and integrated care; ensure ongoing success of reform

BOSTON – Tuesday, December 20, 2011 – Governor Deval Patrick today announced that the federal government will renew the Commonwealth's Medicaid waiver, setting the stage for a new round of innovations that build on the success of health care reform in Massachusetts. The three-year, \$26.75 billion agreement with the Centers for Medicare and Medicaid Services (CMS) will help the Patrick-Murray Administration's efforts to integrate and improve the quality of health care while controlling costs.

"Massachusetts has proven itself as a national leader in health care reform, with more than 98 percent of our residents insured, including 99.8 percent of children," said Governor Patrick. "This new federal agreement will help us build on our success and tackle the next phase of our work – cracking the code on health care costs. We are thankful for the strong support of our partners in Washington, D.C., particularly Secretary Sebelius, Senator Kerry and Congressman Markey, for sharing our commitment to health care reform."

The \$26.75 billion agreement, which represents a \$5.69 billion increase over the previous waiver, preserves existing eligibility and benefit levels in the Medicaid and Commonwealth Care programs and includes more than \$13.3 billion in revenue to the Commonwealth through federal financial participation. During the three-year waiver period, the Commonwealth will fully implement the federal Affordable Care Act, whose major provisions go into effect on January 1, 2014.

The waiver includes several innovative programs that expand services for certain children, develop integrated systems of care and alternative payment systems, and position the Commonwealth to reduce the cost of medical care and the rate of growth over time.

Key components of the agreement include:

- **Delivery System Transformation.** The waiver provides \$120 million annually in new federal funding to support investments in health care delivery systems that will transform Massachusetts' safety net hospitals and primary care providers into integrated care delivery systems, with the ultimate goal of transitioning away from fee-for-service payments toward alternative payment arrangements that reward high-quality, efficient and integrated systems of care. This feature of the waiver agreement reflects the principles outlined in the Governor's comprehensive health care cost containment bill, which he filed earlier this year.
- **Pediatric Asthma Bundled Payment Pilot.** This pilot will enable the Commonwealth to improve the quality and delivery of care a bundled payment methodology that includes services not traditionally covered, such as home visits by community home health workers and supplies for mitigating environmental triggers in the home.
- **Health care reform remains fully funded.** The waiver includes more than \$500 million annually in federal support for Commonwealth Care and the Health Safety Net, and more than \$300 million annually in other federal support for services to low income and uninsured populations.
- **First-of-kind Express Lane Eligibility Program.** The Commonwealth will utilize streamlined eligibility procedures to renew eligibility for parents with children who are enrolled in the SNAP (food stamp) program. Approximately 140,000 MassHealth members may be eligible for Express Lane renewal to receive the vital safety net services they need.
- **Early Intervention.** The agreement includes enhanced services for early intervention programs including medically necessary Applied Behavioral Analysis-based (ABA) treatment services and programs that address the core symptoms of Autism Spectrum Disorders (ASD).

"The MassHealth Demonstration will be a strong step forward for Massachusetts' health reform efforts," said Cindy Mann, Deputy Administrator of the Centers for Medicare and Medicaid Services and Director of the Center for Medicaid and CHIP Services (CMCS). "The demonstration will support the Commonwealth's delivery and payment reforms while also helping it to move forward on several innovative new programs. We are pleased to be able to support these important initiatives."

"This is the result of one hell of a team effort. We all stayed at the table so Massachusetts received what we needed to keep revolutionizing quality, affordable care," said Senator Kerry. "This couldn't have happened without former CMS Administrator Don Berwick, Secretary Sebelius, our hospital CEOs, and our congressional delegation under the leadership of Governor Patrick coming together as stakeholders around an agreement that will strengthen coverage, protect safety-net providers, and support innovative approaches to improving payment systems and the value of health care."

"I applaud the efforts of all parties—providers and the state—to negotiate the terms of Massachusetts' Medicaid waiver, which is critical to ensuring the success of Massachusetts state health reform and access to care for every Bay Stater," said Senator Scott Brown.

"The Medicaid waiver serves as the cornerstone of Massachusetts's health reform, and I'm pleased that the agreement announced today will provide the resources our health care providers need to care for our residents and will allow the Commonwealth to continue leading the nation in innovative health care solutions," said Congressman Edward Markey. "Governor Patrick and Secretary Sebelius are health care heavyweights, and I applaud their leadership in reaching an agreement that provides strong support to the safety-net hospitals that serve low-income and uninsured residents."

"Massachusetts is already a national model for health care coverage and reform, with a strong track record of innovative programs," said Congressman James McGovern. "We need to build on that success. The initiatives supported by this waiver will continue to provide affordable access to high quality care for all patients while containing costs."

"This is good news for Massachusetts and will help our health care providers continue to deliver quality services, maintain access to care and find ways to reduce cost that maintain the excellent health care for which our state is so well-known," stated Congressman Michael Capuano.

"I commend the partnership between federal and Massachusetts state authorities in reaching the Medicaid grant waiver agreement," said Congressman Bill Keating. "At a time when we are increasingly seeing some of the neediest segments of our communities neglected, this agreement represents a silver lining for children and families throughout the Commonwealth. It successfully reaches a common ground between cost containment and the undeniable right to a healthy, happy, life – particularly for the 99.8 % of Massachusetts' youngest patients."

"This new waiver agreement helps Massachusetts maintain its commitment to achieving universal coverage and also provides several mechanisms for establishing more integrated systems of care and tying payments to improved outcomes," said Massachusetts Secretary of Health and Human Services Dr. JudyAnn Bigby. "We are grateful for the support of the Obama Administration and our congressional delegation throughout the waiver renewal process and look forward to working together to reform how we pay for health care, while maintaining access and ensuring high quality care."

"I applaud my colleagues and the Patrick-Murray Administration in finalizing the Medicaid waiver agreement," said House Speaker Robert A. DeLeo. "In these tough fiscal times, controlling health care costs while still providing the best quality health care remains of the utmost importance."

Insurance enrollment has grown by more than 411,000 since the passage of health care reform in June 2006, including an increase of 193,000 members whose primary coverage is through MassHealth. Overall, more than 1.3 million people have some level of Medicaid coverage. In addition, nearly 159,000 individuals are newly insured through Commonwealth Care since the implementation of health care reform.

Earlier this year, Governor Patrick filed comprehensive health care cost containment legislation that encourages the creation of "integrated care organizations" comprised of groups of providers that work together to achieve improved health outcomes for patients at lower costs; provides benchmarks, standards and guidance for the transition to integrated care and global payments; and allows the Division of Insurance to consider more criteria when making the decision to either approve or reject rate increase requests from both carriers and providers. Other innovative state payment and delivery system reform initiatives include the development of patient-centered medical homes, bundled payments, and accountable care organizations (ACOs).

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